

USDA Rural Development Energy Programs

Rural Energy for America Program (REAP)

Rural Business Enterprise Grant (RBEG)

Value Added Producers Grant (VAPG)

Community Facilities loan and grants



Rural Energy for America Program

Section 9007

- Renames the section 9006 program to Section 9007. Continues a grant and loan guarantee program to assist agriculture producers and rural small businesses in purchasing renewable energy systems and making energy efficiency improvements.
- More than doubles current funding by providing \$255 million in mandatory \$
 - * FY 09 - \$55 Million
 - * FY 10 - \$60 Million
 - * FY 11 - \$70 Million
 - * FY 12 - \$70 Million
- Directs that at least 20 percent of funds be used for grants of up to \$20,000 each.
- Additional funds are authorized for appropriation.
 - Discretionary Funding: \$25 Million each fiscal year for FY 09 – 12
- Energy Audits, feasibility studies and technical assistance
- **Any further funding is subject to the New Farm Bill currently tabled in the Congress.**



Rural Energy for America Program

Section 9007

Small Businesses

- Meets the definition of a small business according to SBA - Go to the index table at: <http://sba.gov/size/index.html>
- A private entity including a sole proprietorship, partnership, corporation, cooperative, & electric utility
- Project must be located outside of the Municipality of Anchorage.

Agriculture Producers

- Must directly engage in production of agricultural products. (includes harvesters such as fishermen and loggers)
- At least 50% of gross income must be from their agriculture business (*IRS income tax forms used to verify*)
- Can be located anywhere in the State.



REAP Grants

Description

Renewable Energy Project

A process that **PRODUCES** energy from a renewable energy source.

Energy Efficiency Improvements Project

Improvements to a facility or process that **REDUCES** energy consumption.

Minimum grant (no more than 25% of total eligible project costs)

\$ 2,500

\$ 1,500

Maximum grant (no more than 25% of total eligible project costs)

\$ 500,000

\$ 250,000



REAP Loan Guarantees

Loan Guarantees are for the backing of commercial loans issued by lenders, not that applicants are guaranteed to get financing.

- Renewable Energy projects can obtain up to \$25,000,000 in loan guarantees
- Energy Efficiency projects can obtain up to \$10,000,000 in loan guarantees
- Applicants can use traditional (ex. Wells Fargo) and non-traditional lenders (ex. AK Growth Capital)

What are Eligible Costs?

- Post application construction or project improvements (majority of the cost)
except residential
- Energy audits or assessments
- Permit & License fees
- Business plans
- Technical Reports
- Professional service fees, except for application preparation
- Feasibility studies
If applicable

Renewable Energy Technologies



- **Wind**
 - Large
 - Small
- **Geothermal**
 - Direct Use
 - Electrical Generation
- **Solar**
 - Photovoltaic
 - Thermal
- **Biomass**
 - Bioenergy
 - Digesters
- **Hydrogen**
- **Hydro electric sources**
- **Energy Efficiency**

How is the program being used?



Energy Efficiency Improvement Refrigeration Improvements



- One project consists of purchasing and installing door freezers, produce cases, beverage coolers, and florescent light fixtures to replace the old, inefficient equipment. The technology in the replacement units will provide 41.9% energy savings.

Wind Energy in Dillingham

Choggiung Ltd. \$125,000 project
(\$20,000 grant)

- Choggiung installed a Proven wind turbine that will eliminate over 80% of energy cost to their commercial property that currently serves as the Dillingham Courthouse.



Rural Business Enterprise Grant

- Grants made to intermediaries for the assistance of small businesses.
- Eligible applicants are non-profits, civic, and tribal entities.
- Grants aren't very competitive about a \$200K request, there is also a Native Allocation
- Grants can be for technical assistance, equipment, feasibility studies, business plans, energy audits

Value Added Producers Grant (VAPG)

Planning Grants

- Funds to determine the viability of a potential value-added venture including feasibility studies, marketing plans, business plans, and legal evaluations. (required for Working Capital Grant)
- Up to \$100K
- Dollar for dollar match

Working Capital Grants

- Working Capital uses include, but are not limited, to purchasing inventory or office equipment or paying salaries, utilities or office space. Funds cannot be used to purchase long-term assets.
- Up to \$300K
- Dollar for dollar match



DEFINITION OF COMMUNITY FACILITY

- A public improvement that provides an essential community service. Examples: Libraries, Clinics, Fire Trucks, Roads.
- Not intended for commercial or business undertakings.

WHO MAY APPLY?

- PUBLIC BODIES:
 - CITIES OR BOROUGHS
 - AUTHORITIES (LIKE A PORT AUTHORITY)
 - SPECIAL SERVICE DISTRICTS
 - OTHER POLITICAL SUBDIVISION OF A STATE
- NON-PROFIT CORPORATIONS
- NATIVE AMERICAN TRIBES
- POPULATION LIMITS:
 - CF: POPULATION OF 20,000 OR LESS.
 - W&W: POPULATION OF 10,000 OR LESS



DIRECT LOAN PROGRAM

- RURAL DEVELOPMENT PROVIDES THE FUNDING.
- INTEREST RATES ARE 3.375% TO 4.5%.
(RATES DETERMINED BY MEDIAN HOUSEHOLD INCOME OF COMMUNITY)
- TERM OF LOAN: UP TO 40 YEARS OR THE LIFE OF THE FACILITY, WHICHEVER IS LESS.



GRANTS

- RURAL DEVELOPMENT CAN PROVIDE 15% TO 75% OF TOTAL PROJECT COSTS.
- AMOUNT OF GRANT IS DETERMINED BY MEDIAN HOUSEHOLD INCOME OF COMMUNITY.
- MUST BE UNABLE TO REPAY A LOAN.
- COMMUNITY MUST PROVIDE MATCHING FUNDS FROM A NON-FEDERAL SOURCE.
- COMBINED FEDERAL GRANT FUNDS IN A PROJECT MAY NOT EXCEED 75% OF TOTAL PROJECT COSTS.

HOW MAY FUNDS BE USED ?

- PURCHASE, CONSTRUCT, ENLARGE, OR IMPROVE A FACILITY. (FOR EXAMPLE, TO BUILD, ENLARGE OR IMPROVE A COMMUNITY CENTER
- PURCHASING NECESSARY EQUIPMENT.

Questions?

Chad Stovall, Business & Energy Specialist

chad.stovall@ak.usda.gov

(907) 761-7718

